FitchRatings

Corporates
Telecommunications
Belgium

Telenet Group Holding N.V

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BB-	Stable	Affirmed 6 Dec 21
Short-Term IDR	B		Affirmed 6 Dec 21

Click here for full list of ratings

Telenet Group Holding N.V's rating takes into account a strong operating profile reflected in its leading in-franchise market position, visible revenue and cash flow, reasonable market structure and consistent financial policy. Net debt/EBITDA leverage is managed at about 4x and is more conservative than most of its 'BB-' rated telecom peers; its forecast pre-dividend free cash flow (FCF) margin in the low-to-mid teens is strong across the sector (investment grade and sub-investment grade).

Potential rating vulnerabilities include likely market consolidation and increased competitive pressure given Orange Belgium's expected acquisition of Voo, the cable network in Wallonia. The potential for a fourth mobile license being awarded in spectrum auctions next year lays the ground for increased mobile competition. Telenet's plans to form a wholesale access network (netco) with Fluvius could lead to a tightening of its downgrade sensitivities once further detail are published.

Key Rating Drivers

Strong Operating Profile: From a business risk perspective, Fitch Ratings considers Telenet to be well-positioned within its rating. Its market position, network quality, competitive intensity of its market and key performance indicators (KPIs) all support a stronger rating than its 'BB-' rating, which is effectively anchored by its financial leverage. Data from the Belgian regulator BIPT show that Telenet held strong market-leading positions in fixed broadband (share approaching 60%) and video (close to 70%) in Flanders and a share in the high teens in both in Brussels at 1 January 2021.

Belgium's telecoms markets are advanced with demand for convergent services and high broadband speeds well developed (nearly 40% of Belgium's mobile base are convergent customers; 66% of broadband lines offer minimum speeds of 100Mbps). These trends support high average revenue per user (ARPU) and fit well with Telenet's network and commercial strategy.

Mature Telecoms Market: The Belgium telecom market is mature with mobile penetration above 100% and broadband penetration of 91% (data at December 2020). Market revenue of EUR8.4 billion in 2020 was down by 2%, with retail revenue falling by a more muted 0.5%. The national market has three main operators with Telenet competing with Orange Belgium and the incumbent, Proximus. While Telenet has virtually no fixed presence in Wallonia, it maintained a national revenue share of 29%, which was flat in 2020.

Return to Growth: Recent years have seen the company come under revenue pressure. In Fitch's view this has been driven by competition made possible by regulated cable access, as well as the pandemic in 2020. Following a rebased revenue decline of 2% in 2020, revenue in 9M21 was ahead 1% and the company is guiding to growth for the full year. It has revised its medium-term operating FCF (a proxy for EBITDA less capex) guidance to the mid-point of a target compound annual growth rate of 6.5%-8% for 2018-2021. Given the maturity of the business, Fitch takes a positive view of the emphasis on cash flow growth.

Cash Flow, Financial Policy: Telenet generates solid cash flow and has a well-established financial policy. Its pre-dividend FCF margin in the low-to-mid teens is strong relative to the peer group, including investment-grade carriers. This is underpinned by the high margins in the cable business, while the management is consistent in managing costs and meeting published financial targets. Its cash flow strength and financial policy are key drivers for the rating.

Applicable Criteria

Corporate Rating Criteria (October 2021)

Sector Navigators - Addendum to the Corporate Rating Criteria (October 2021)

Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)

Related Research

Fitch Affirms Telenet at 'BB-' with a Stable Outlook (December 2021)

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Infrastructure Deals: The management has announced a strategic review of its mobile towers. Separately, it has come to a non-binding agreement with Fluvius, which owns the cable network in a third of the Flanders region, which would create one netco for all of Flanders. Fitch typically views tower disposals as a deleveraging event as passive tower infrastructure has limited or no impact on the business' operating profile.

Netco: The parameters or ownership of a netco transaction are unclear. Telenet has said it will publish more details in spring 2022. Fitch assumes that any deal would initially involve Telenet maintaining majority control, although this could fall to a minority stake if financial sponsors are introduced later. Fitch recognises the industry logic and investment return benefits of creating one network for the whole of Flanders and introducing risk partners to share in fibre upgrade costs.

Implications for Sensitivities: A sizeable minority in the access network has implications for cash flow fungibility to what is any telecom's most strategic asset. Examples of this include Telecom Italia S.p.A. (BB+/Stable), where Fitch tightened its leverage downgrade threshold by 0.2x to reflect a weakened operating profile following the sale of a 42% stake in FiberCop. Fitch has also guided to a likely 0.2x tightening of PPF Telecom Group B.V.'s (BBB-/Stable) threshold if a sale of a minority in CETIN Group N.V. (BBB/Stable) goes ahead.

In the absence of other arguments, these cases are likely to serve as precedents if Telenet proceeds with a netco, although the scale of any tightening would depend on exact transaction parameters.

Market Consolidation in Wallonia: Orange Belgium has announced exclusive negotiations with the owner of Voo in a transaction valuing Voo at EUR1.8 billion, which would be subject to regulatory approval and potential remedies should it proceed. Telenet had also taken part in the bidding process. A transaction consolidating Orange Belgium's national mobile scale and its existing (wholesale access based) broadband business with Voo is likely to increase competitive market pressures. Integration and the upgrade investment needed on the Voo network may limit this impact in the near term. Telenet missing out on the asset also limits how it may position itself nationally.

Financial Summary

Telenet Group Holding N.V

(EURm)	Dec 2019	Dec 2020	Dec 2021F	Dec 22F
Gross revenue	2,584	2,575	2,592	2,615
Operating EBITDA margin (%)	47.1	45.5	44.8	44.8
Funds from operations (FFO) margin (%)	30.8	34.7	33.9	33.7
FFO interest coverage (x)	4.6	6.5	6.0	6.0
FFO net leverage (x)	5.0	4.8	4.8	4.8

F – Forecast.
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Telenet's ratings are driven by its strong operating profile, which is underpinned by a strong network footprint in Flanders, scaled operations with strong cash generation and a sustainable competitive position. This enables Telenet to support a leveraged balance sheet. The company's targets net debt/EBITDA leverage in the mid-point of a 3.5x-4.5x range. This is higher than its western European investment-grade telecom peers but moderately tighter than similarly rated cable peers, such as VMED O2 UK Limited (BB-/Stable) and UPC Holding BV (BB-/Negative). It has an equally strong operating profile to that of NOS, S.G.P.S., SA (BBB/Stable), with the higher leverage accounting for Telenet's lower rating. Its revenue visibility and pre-dividend FCF margins are strong across the sector – both investment and sub-investment grade.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Positive rating action is unlikely in the medium term unless the management pursues a more conservative financial policy.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- A weaker operating environment due to increased competition from either mobile or cable wholesale leading to a larger-than-expected market share loss and decrease in EBITDA.
- FFO net leverage consistently over 5.2x and FFO interest coverage trending below 4.0x (2019: 4.6x).
- A change in financial or dividend policy leading to new, higher leverage targets.

Liquidity and Debt Structure

Strong Liquidity Profile: As of end-September 2021, Telenet had a cash balance of EUR194 million. It has a strong liquidity position supported by positive cash-flow generation and undrawn credit facilities of EUR530 million due 2026. Telenet has a long-dated debt maturity profile, with no significant debt maturities until 2028.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Telenet Group Holding N.V – Liquidity Analysis

(EURm)	2021F	2022F	2023F	2024F
Available liquidity				
Beginning cash balance	82	98	125	173
Rating-case FCF after acquisitions and divestitures	61	27	48	53
Total available liquidity (A)	**143**	**125**	**173**	**226**
Liquidity uses				
Debt maturities	0	0	0	0
Share-buyback programme	-45			
Total liquidity uses (B)	**-45**	**0**	**0**	**0**
Liquidity calculation				
Ending cash balance (A+B)	98	125	173	226
Revolver availability	555	555	555	555
Ending liquidity	**653**	**680**	**728**	**781**
Liquidity score (x)	Not meaningful	Not meaningful	Not meaningful	Not meaningful

F – Forecast.
Source: Fitch Ratings, Fitch Solutions, Telenet Group Holding N.V

Scheduled Debt Maturities	Original
(EURm)	**31 Dec 20**
2021	0
2022	0
2023	0
2024	0
2025	0
Thereafter	5,198
Total	**5,198**

Source: Fitch Ratings, Fitch Solutions, Telenet Group Holding N.V

Key Assumptions

- Rebased revenue to grow by less than 1% in 2021-2025
- Fitch-defined EBITDA margin, before IFRS16 impact, stable at about 45% of sales
- Accrued capex/sales ratio of 18% in 2021-2025 (excluding spectrum payments and amortisation of broadcasting rights)
- Common dividend payments of EUR300 million a year
- Share-buyback programme of EUR45 million in 2021

Financial Data

Telenet Group Holding N.V

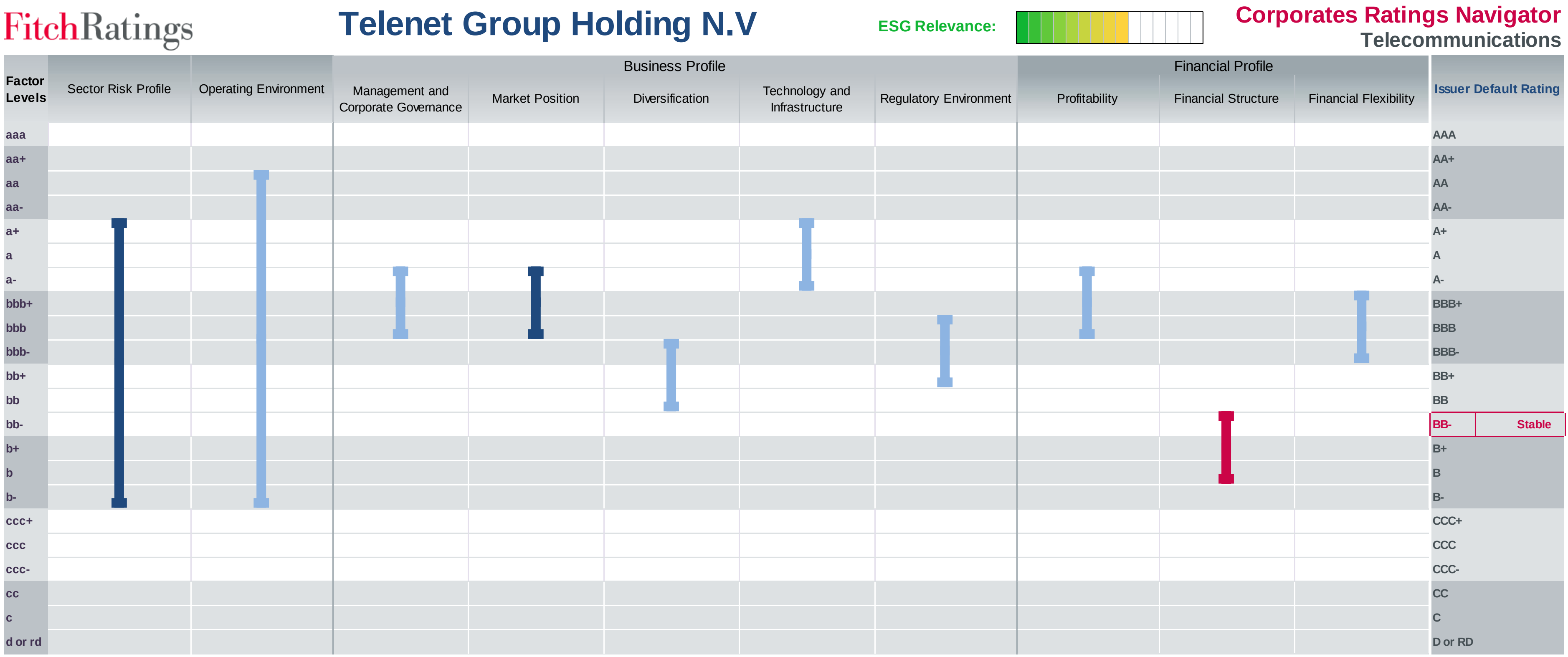
	Historical			Forecast		
(EURm)	**Dec 18**	**Dec 19**	**Dec 20**	**Dec 21**	**Dec 22**	**Dec 23**
Summary income statement						
Gross revenue	2,535	2,584	2,575	2,592	2,615	2,636
Revenue growth (%)	0.3	1.9	-0.3	0.6	0.9	0.8
Operating EBITDA before income from associates	1,254	1,217	1,171	1,161	1,173	1,186
Operating EBITDA margin (%)	49.5	47.1	45.5	44.8	44.8	45.0
Operating EBITDAR	1,297	1,260	1,175	1,165	1,177	1,190
Operating EBITDAR margin (%)	51.2	48.8	45.6	45.0	45.0	45.1
Operating EBIT	599	659	567	611	631	653
Operating EBIT margin (%)	23.6	25.5	22.0	23.6	24.1	24.8
Gross interest expense	-234	-234	-180	-176	-176	-176
Pre-tax income (including associate income/loss)	371	353	389	435	456	478
Summary balance sheet						
Readily available cash and equivalents	88	101	82	98	125	173
Total debt with equity credit	5,672	5,226	5,198	5,198	5,198	5,198
Total adjusted debt with equity credit	6,018	5,573	5,198	5,229	5,229	5,229
Net debt	5,584	5,125	5,116	5,100	5,073	5,025
Summary cash flow statement						
Operating EBITDA	1,254	1,217	1,171	1,161	1,173	1,186
Cash interest paid	-188	-222	-163	-176	-176	-176
Cash tax	-104	-159	-110	-105	-115	-117
Dividends received less dividends paid to minorities (inflow/outflow)	0	0	0	0	0	0
Other items before FFO	-3	-39	-4	-2	-2	-2
Funds flow from operations	994	797	894	879	880	891
FFO margin (%)	39.2	30.8	34.7	33.9	33.7	33.8
Change in working capital	12	113	-16	-52	-47	-48
Cash flow from operations (Fitch-defined)	1,006	910	878	827	833	844
Total non-operating/nonrecurring cash flow	0	0	0			
Capex	-618	-494	-507			
Capital intensity (capex/revenue, %)	24.4	19.1	19.7			
Common dividends	-599	-63	-292			
Free cash flow	-211	352	79			
Net acquisitions and divestitures	-60	-19	30			
Other investing and financing cash flow items	260	131	175	0	0	0
Net debt proceeds	270	-400	-264	0	0	0
Net equity proceeds	-210	-51	-32	-45	0	0
Total change in cash	49	13	-11	16	27	48
Leverage ratios						
Total net debt with equity credit/operating EBITDA (x)	4.5	4.2	4.4	4.4	4.3	4.2
Total adjusted debt/operating EBITDAR (x)	4.6	4.4	4.4	4.5	4.4	4.4
Total adjusted net debt/operating EBITDAR (x)	4.6	4.3	4.4	4.4	4.3	4.3
Total debt with equity credit/operating EBITDA (x)	4.5	4.3	4.4	4.5	4.4	4.4
FFO adjusted leverage (x)	5.1	5.2	4.9	4.9	4.9	4.9
FFO adjusted net leverage (x)	5.0	5.2	4.8	4.8	4.8	4.7
FFO leverage (x)	4.9	5.1	4.9	4.9	4.9	4.9
FFO net leverage (x)	4.9	5.0	4.8	4.8	4.8	4.7
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-1,277	-576	-769	-766	-806	-796
Free cash flow after acquisitions and divestitures	-271	334	109	61	27	48
Free cash flow margin (after net acquisitions, %)	-10.7	12.9	4.2	2.3	1.0	1.8
Coverage ratios						
FFO interest coverage (x)	6.1	4.6	6.5	6.0	6.0	6.1
FFO fixed-charge coverage (x)	5.1	4.0	6.4	5.9	5.9	6.0
Operating EBITDAR/interest paid + rents (x)	5.6	4.7	7.0	6.5	6.6	6.6
Operating EBITDA/interest paid (x)	6.7	5.5	7.2	6.6	6.7	6.8
Additional metrics						
CFO-capex/total debt with equity credit (%)	6.8	7.9	7.1	6.9	6.3	6.7
CFO-capex/total net debt with equity credit (%)	6.9	8.1	7.3	7.1	6.5	6.9

Source: Fitch Ratings, Fitch Solutions.

How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■ (red)	Higher Importance	⇩	Negative
■ (dark blue)	Average Importance	⇳	Evolving
■ (light blue)	Lower Importance	□	Stable

FitchRatings

Telenet Group Holding N.V

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries w here economic value is created and w here assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law , corruption; government effectiveness) of the issuer's country of incorporation consistent w ith 'aa'.
b-			
ccc+			

Management and Corporate Governance

a	Management Strategy	a	Coherent strategy and good track record in implementation.
a-	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of pow er even w ith ow nership concentration.
bbb+	Group Structure	bbb	Some group complexity leading to somew hat less transparent accounting statements. No significant related-party transactions.
bbb	Financial Transparency	bbb	Good quality reporting w ithout significant failing. Consistent w ith the average of listed companies in major exchanges.
bbb-			

Market Position

a	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
a-	Competition	bbb	Primary markets characterized by medium competitive intensity and/or moderate barriers to entry.
bbb+	Scale - EBITDA	bbb	>$1 billion
bbb			
bbb-			

Diversification

bbb	Service Platform Diversification	bbb	Operates several service platforms in primary markets but one is dominant.
bbb-	Geographic Diversification	b	Weak geographic diversification.
bb+			
bb			
bb-			

Technology and Infrastructure

aa-	Ownership of Network	a	Ow ns almost all of its infrastructure.
a+	Network and Service Quality	a	Market leading netw ork in terms of coverage and technology deployment, w ith good quality of service.
a			
a-			
bbb+			

Regulatory Environment

bbb+	Regulatory Risk	bbb	Moderate.
bbb			
bbb-			
bb+			
bb			

Profitability

a	Volatility of Cash Flow	bbb	Volatility and visibility of cash flow in line w ith industry average.
a-	EBITDA Margin	a	35%
bbb+	FFO Margin	a	30%
bbb			
bbb-			

Financial Structure

bb	FFO Leverage	b	5.7x
bb-	FFO Net Leverage	b	5.5x
b+	(CFO-Capex)/Total Debt With Equity Credit	b	2.5%
b	Total Debt With Equity Credit/Op. EBITDA	bb	3.8x
b-			

Financial Flexibility

a-	Financial Discipline	bbb	Financial policies less conservative than peers but generally applied consistently.
bbb+	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb	FFO Interest Coverage	bbb	6.0x
bbb-	FX Exposure	aa	No material FX mismatch.
bb+			

Credit-Relevant ESG Derivation

Telenet Group Holding N.V has 8 ESG potential rating drivers

- Energy and fuel use in networks and data centers
- Networks exposed to extreme weather events (e.g. hurricanes)
- Data security; service disruptions
- Impact of labor negotiations and employee (dis)satisfaction
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

Telenet Group Holding N.V

Corporates Ratings Navigator
Telecommunications

Credit-Relevant ESG Derivation

Telenet Group Holding N.V has 8 ESG potential rating drivers

- Telenet Group Holding N.V has exposure to energy productivity risk but this has very low impact on the rating.
- Telenet Group Holding N.V has exposure to extreme weather events but this has very low impact on the rating.
- Telenet Group Holding N.V has exposure to customer accountability risk but this has very low impact on the rating.
- Telenet Group Holding N.V has exposure to labor relations & practices risk but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	3	Energy and fuel use in networks and data centers	Profitability	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Networks exposed to extreme weather events (e.g. hurricanes)	Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; service disruptions	Competitive Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Competitive Position; Profitability	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Social attitudes toward network infrastructure	Diversification; Technology and Infrastructure; Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

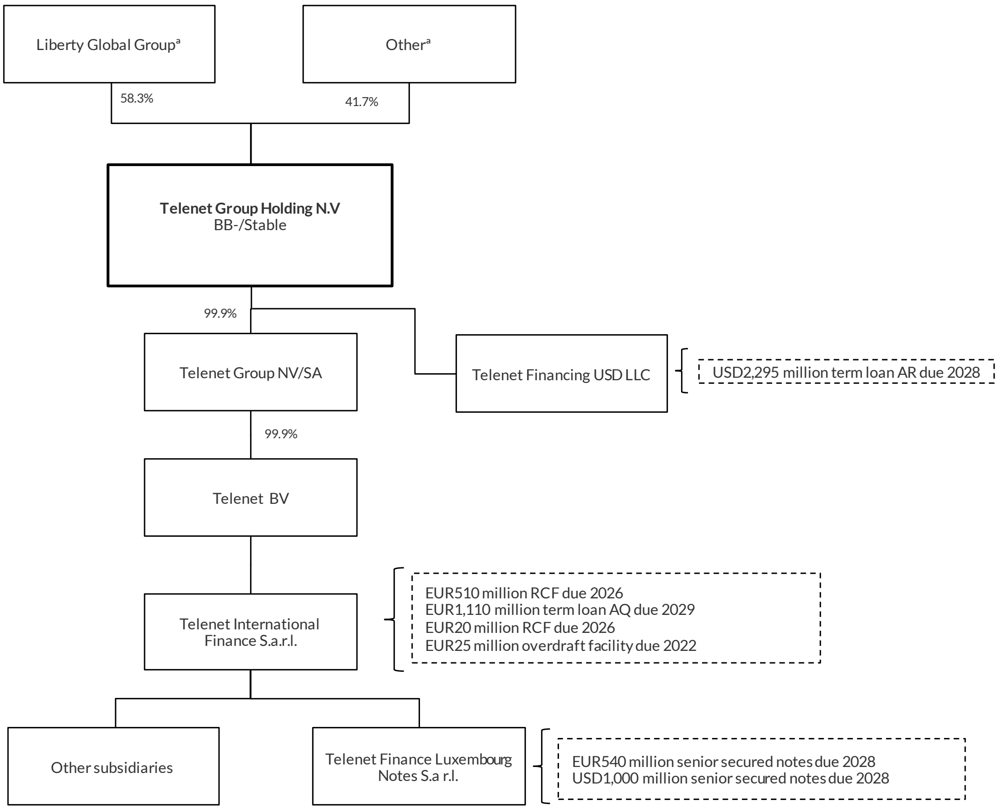
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



[a] Shareholders as at 30 September 2021.
Note: Debt security: Telenet Financing USD LLC, Telenet BVBA, Telenet International Finance S.a.r.l., Telenet Group Holding NV, Telenet Vlaanderen NV, Telenet Group BVBA. Debt guarantors: Telenet Financing USD LLC, Telenet BVBA, Telenet International FInance S.a.r.l., Telenet Group BVBA.
Source: Fitch Ratings, Fitch Solutions, Telenet Group Holding N.V, as of November 2021

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	Operating EBITDA margin (%)	FFO margin (%)	FFO interest coverage (x)	FFO net leverage (x)
Telenet Group Holding N.V	BB-						
	BB-	2020	2,575	45.5	34.7	6.5	4.8
	BB-	2019	2,584	47.1	30.8	4.6	5.0
	BB-	2018	2,535	49.5	39.2	6.1	4.9
VodafoneZiggo Group B.V.	B+						
	B+	2020	4,000	47.0	37.6	4.5	5.5
	B+	2019	3,937	45.2	34.0	3.6	5.8
	B+	2018	3,895	44.2	33.4	3.7	5.9
UPC Holding BV	BB-						
	BB-	2020	1,792	44.0	34.8	4.8	8.2
	BB-	2019	1,549	48.2	33.0	3.4	5.3
	BB-	2018	1,538	54.6	61.3	4.6	4.3
VMED O2 UK Limited	BB-						
	BB-	2020	5,772	41.2	30.3	3.9	5.7
		2019	5,888	43.2	29.6	3.2	5.2
		2018	5,821	44.5	32.5	3.6	5.1
eircom Holdings (Ireland) Limited	B+						
	B+	2020	1,195	47.4	39.0	6.6	4.2
	B+	2019	1,217	46.3	30.2	5.3	5.3

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

Reconciliation of Key Financial Metrics for Telenet

		2020
	Period Ended:	31 Dec 20
Borrowings		4,387
Finance lease obligations	(as reported)	-
Clientele fee > 20 years	(as reported)	126
Vendor Financing		354
Derivative adjustment		332
Total debt (Fitch)		**5,198**
Cash and cash equivalents		82
Net debt (Fitch)		**5,116**
Total off-balance sheet debt (8 x annual long-term leases)		931
Lease-adjusted net debt (Fitch)		**6,047**
Revenue	**(as reported)**	**2,575**
Revenue growth (YoY)		0%
Adjusted EBITDA - post IFRS 16	(as reported)	1,378
EBITDA growth (YoY)		0%
EBITDA margin		54%
Net cash provided by operating activities	(as reported)	1,057
Less: right-of-use lease depreciation		-89
Less: interest on lease liabilities		-27
Amortisation of broadcasting rights	(as reported)	-90
Adjusted EBITDA after broadcasting rights - pre IFRS 16	**(Fitch)**	**1,171**
EBITDA margin		45%
Net cash provided by operating activities (after broadcasting rights) - pre IFRS 16	**(Fitch)**	**878**
Adjusted EBITDA after broadcasting rights - pre IFRS 16	(as reported)	**1,171**
Gross interest paid	(as reported)	-194
Add back: interest on lease liabilities		31
Gross interest paid - after lease adjustment		-163
Interest received		0
Net tax (paid) received	(as reported)	-110
Dividends received less dividends to minorities		-
Other items before FFO		-4
Funds from operation (FFO)		**894**
Change in working capital	(as reported)	-16
Cash flow from operations		**878**
Capital expenditures (cash)	(as reported)	-507
Less: right-of-use lease depreciation		89
Less: interest on lease liabilities		27
Rentals	(as reported/Fitch assumption)	116.4
% of revenue		4.5%
CFO-capex		**371**
Net debt / (CFO-capex) (LTM)		**13.8**
FFO fixed-charge coverage		**4.2**
(FFO + net interest + lease rental) / (gross interest + lease rental)		
Net debt / EBITDA		**4.4**
FFO adjusted net leverage (Fitch; LTM)		**5.2**
(Lease-adjusted net debt)/(LTM FFO + LTM net interest paid + LTM rentals)		
FFO net leverage (Fitch)		**4.8**
Net Debt / (FFO + net interest paid)		

Source: Fitch Ratings, Fitch Solutions, Telenet

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